

~~CONFIDENTIAL~~

25 MAY 1982

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d+m 8-1

MEMORANDUM FOR: Director of Logistics

VIA: Chief, Procurement Management Staff, OL

FROM:

Chief, Procurement Division, OL

SUBJECT: Notification to or Approval of the
Director of Logistics Prior to Undertaking
Contractual Relationships with Certain
Contractors -- Procurement Note No. 85

1. For a host of different reasons, all of them beyond the control of Procurement Division (PD), OL, Agencywide offices are increasingly requesting that OL procure materiel from foreign-owned manufacturers. We in PD have no good feel for Agencywide R&D or D&E requirements from foreign-owned sources.

2. The administrative costs and processing delays in PD associated with Procurement Note No. 85 compliance are not insignificant and give every evidence of getting worse. Our recent experience with requests for Director of Logistics approval where foreign ownership is the issue have been conclusive. Each request wherein the materiel required has been off-the-shelf, standard catalog, commercial type, firm fixed price has been approved. Based upon this consistent, and we think quite reasonable record, we ask that you make a class exception for items that meet this test and that you authorize Chief, Procurement Division, OL, to approve these as exceptions to Procurement Note No. 85.

3. Specifically, where PD has an otherwise proper requirement for materiel, and where Procurement Note No. 85, foreign-owned manufacturer, is the only constraint, Chief, PD, is authorized to make exception to Procurement Note No. 85, as amended, where the item(s) are off-the-shelf, standard catalog, commercial, firm fixed price type items. All other Procurement Note No. 85 criteria will continue to require Director of Logistics approval. Chief, PD, may continue to bring foreign ownership requirements to the Director of Logistics, for his approval, at his discretion.

OL 2-2387

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Procurement Note No. 85

APPROVED: *

/s/ James H. McDonald

2 JUN 1982

Director of Logistics

Date

Distribution:

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OL/PI [redacted] (25 May 82)

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- * Effective immediately, the Chief, Procurement Division, Office of Logistics, is granted approval to contract with foreign-owned manufacturers on a firm fixed-price basis for off-the-shelf, standard catalog, commercial items, provided that this equipment does not electronically interface with other equipment which processes, records, or receives classified information. The approval is granted on a 90-day trial basis. During the trial period, the Chief, Procurement Division, shall maintain detailed records as to the number of awards made under this exception, the names of contractors involved, the items purchased, and the dollar value of each action. This information shall be submitted to the Director of Logistics, through the Procurement Management Staff, Office of Logistics, by 15 September 1982 to determine the extent and effectiveness of the procedure.